

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-08
EA-10 FRB-03 INR-10 IO-13 NEA-10 NSAE-00 USIA-06
OPIC-03 SP-02 TRSE-00 LAB-04 SIL-01 AGRE-00
OMB-01 SS-15 /105 W
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R 291242Z MAR 78
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 9213
INFO AMEMBASSY BRUSSELS
AMEMBASSY LONDON
AMEMBASSY ROME

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USOECD

USEEC

PASS TREASURY (ALTHEIM)

E.O. 11652: N/A
TAGS: EFIN, OECD
SUBJECT: EXEMPTIONS FOR SPECIAL CUSTOMS OR MONETARY
SYSTEMS FROM NON-DISCRIMINATION OBLIGATION OF OECD
CODES OF LIBERALIZATION

REFS: A) DAF/INV/77.50 2ND REVISION; B) PARIS 4622;
C) 77 PARIS 11325 NOTAL

1. AT ITS FORTHCOMING MEETING APRIL 3-5, INVISIBLES
COMMITTEE (IC) WILL CONSIDER REPORT OF WORKING GROUP
ESTABLISHED IN EARLY 1977 TO EXAMINE INTERPRETATION
OF ARTICLES 9 AND 10 OF OECD LIBERALIZATION CODES,
WHICH SET FORTH NON-DISCRIMINATION OBLIGATION AS WELL
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AS EXCEPTION THERETO FOR SPECIAL CUSTOMS OR MONETARY
SYSTEMS. ENGLISH VERSION OF PROVISIONAL WP REPORT
(REF A) HAS NOT YET BEEN ISSUED; HOWEVER, COPY OF
ROUGH VERSION WAS CARRIED TO WASHINGTON OVER EASTER
WEEKEND FOR TREASURY (ALTHEIM) BY LLOYD JONNES OF
USOECD.

2. WE CONSIDER THAT REF A IS SUPERIOR TO ITS PREDECESSORS IN THAT ISSUES AND THE POSITIONS ON THEM TAKEN BY VARIOUS IC MEMBERS ARE DESCRIBED REASONABLY ACCURATELY. HOWEVER, ON MOST QUESTIONS THE U.S. MEMBER IS IN A DISTINCT MINORITY, AND EVEN THE SUGGESTED "COMPROMISE" POSITION DESCRIBED IN REF C DOES NOT APPEAR TO BE ACHIEVABLE. (U.S. MEMBER'S VIEWS ON CONTROVERSIAL QUESTIONS ARE REFLECTED IN PARAGRAPHS 10, 16 AND 30 OF REF A.) GIVEN THIS LACK OF AGREEMENT, WE EXPECT THAT IC WILL PUT THIS REPORT IN ITS FILES RATHER THAN FORWARDING IT TO COUNCIL.

3. EVEN IF WP'S REPORT ITSELF WILL NOT BE CONSIDERED BY OECD COUNCIL, ISSUES DEALT WITH IN THE REPORT WILL NEED TO BE FACED BY IC WHEN IT EXAMINES ITALIAN RESTRICTIONS ON OUTWARD REAL INVESTMENT TRANSACTIONS (WHICH GAVE RISE TO IC STUDY), RECENT UK DISCRIMINATORY LIBERALIZATION OF SEVERAL TRANSACTIONS, AND VARIOUS OTHER PRACTICES OF EC MEMBERS WHICH MAY BE IDENTIFIED. UK MEASURES WILL BE CONSIDERED AS PART OF EXAMINATION BEGINNING AT JUNE IC SESSION OF UK'S RESERVATION TO CAPITAL MOVEMENTS CODE.

4. ACTION REQUESTED: MISSION WOULD APPRECIATE ANY COMMENTS WASHINGTON WISHES TO CONVEY PRIOR TO APRIL 5 IC MEETING AS TO ADEQUACY OF REF A REPORT AND WHAT LIMITED OFFICIAL USE

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DISPOSITION SHOULD BE MADE OF IT.
SALZMAN

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NNN

Message Attributes

Automatic Decaptioning: X
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Channel Indicators: n/a
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Concepts: REGULATIONS, EXCEPTIONS LIST, TARIFF LIBERALIZATION
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Draft Date: 29 mar 1978
Decaption Date: 01 jan 1960
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Disposition Case Number: n/a
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Review Exemptions: n/a
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